

KTRS NEWSLETTER

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

RETIRED MEMBER EDITION
Fall 2005



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Retiree Medical Insurance Funding is a Priority for KTRS during the 2006 Legislative Session

The priority for KTRS during the 2006 Legislative Session is to secure the funding necessary to maintain the KTRS medical insurance program at current levels. During this session, a state budget for the 2006-2008 biennium will be approved. Therefore, this is the only opportunity to obtain the funding needed to maintain the medical insurance program through the next two fiscal years. The General Assembly is required to provide the necessary funding pursuant to KRS 161.550(2), unless it finds that the welfare of the Commonwealth requires that funding be suspended or adjusted. To continue medical insurance coverage for KTRS retirees at or near current levels through the next two fiscal years, the medical insurance fund will need \$115 million for the 2006-2007 fiscal year, and \$154 million for the 2007-2008 fiscal year. Without this funding, the medical insurance coverage that can be provided to retirees will be severely diminished.

At present, the budget is in the hands of the Governor. It is his office's statutory duty to recommend an Executive Budget to the General Assembly. It is imperative that the Executive Budget submitted to the General Assembly provides full funding for the KTRS medical insurance program for the 2006-2008 biennium.

Although the Governor has many difficult decisions to make in appropriating limited public funds, retiree health care must not be sacrificed. KTRS has been communicating with the Governor's office on this vital issue and will be working diligently with the General Assembly throughout the 2006 Legislative Session. At this point, it is too early to forecast whether medical insurance funding will be included in the Executive Budget, but KTRS remains hopeful that both the Governor and the General Assembly will continue to acknowledge the importance of maintaining medical insurance coverage for retirees.

Additional KTRS Goals for the 2006 Legislative Session

Cost of Living Adjustments

In addition to the permanent 1.5% Cost of Living Adjustment (COLA), KTRS will request funding in the Executive Budget for additional "ad hoc" COLA's to help members' retirement annuities keep pace with inflation. For the coming biennium, KTRS will request ad hoc COLA's of 2.1% for fiscal year 2006-2007, and

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Kentucky Teachers' Retirement System Recognized by Prestigious Organizations

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Teachers' Retirement System of the State of Kentucky for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

KTRS has received the Certificate of Achievement for the last seventeen consecutive years (fiscal years ended 1988-2004).

PPCC Achievement Award

The Public Pension Coordinating Council awarded a Certificate of Achievement to the Teachers' Retirement System of the State of Kentucky for 2005 for implementing and maintaining high professional standards in administering the affairs of the System. The award is based on compliance with principles judged to underlie exemplary retirement system achievements in the areas of benefits; actuarial valuation; financial reporting; and investments and disclosure, and are widely acknowledged to be marks of excellence for retirement systems. It represents the highest standards of excellence in the public pension industry.

The PPCC is a coalition of the four major public pension organizations in the nation. These include the National Association of State Retirement Administrators, the National Council on Teacher Retirement, the National Conference on Public Employees Retirement Systems, and the Government Finance Officers Association.

"Additional KTRS Goals for the 2006 Legislative Session" continued from page 1 ...

1.0% for fiscal year 2007-2008. If approved by the Legislature, these ad hoc COLA's, added to the permanent 1.5% COLA, would provide members with a total COLA of 3.6% for fiscal year 2006-2007, and 2.5% for fiscal year 2007-2008. It is important to note that although KTRS always strives to provide the membership with COLA's that at least equal the rate of inflation, COLA's are dependent upon Legislative approval for inclusion in the state budget and consequently upon the availability of state funds to pay for them.

Repayment of Past Allocations to Medical Insurance Fund

KTRS will request repayment from the Commonwealth for the \$336 million in state contributions that were allocated to the medical insurance fund as authorized under KRS

161.540(2). These allocations were made during the fiscal years 1998-1999 through 2004-2005. KTRS will ask the General Assembly to repay this amount on an amortized basis over a ten-year period.

Monitor New Legislation / Education

As with all legislative sessions, KTRS will closely monitor new legislation introduced during the 2006 General Session and will oppose all bills that are detrimental to the retirement system and support those that are helpful. KTRS will also continue its efforts to educate members of the General Assembly about the benefits of the retirement system, as well as the issues of concern, such as funding for the medical insurance program.

Retirees Age 65 and Over Medicare Eligible Health Plan *OPEN ENROLLMENT*

Open enrollment for the Medicare Eligible Health Plan (MEHP) is now underway and will continue through December 31, 2005. An enrollment form was recently mailed to KTRS retirees who are not currently enrolled in the MEHP. If you or your eligible spouse desire coverage through the MEHP, you must complete the enrollment form and return it to KTRS by December 31. Your coverage will become effective January 1, 2006. Medical claims in the MEHP are currently processed by Aetna and pharmacy prescriptions are processed by Medco.

KTRS retirees who are currently enrolled in the MEHP do not have to complete an enrollment form; your current coverage will continue uninterrupted.

NOTE: Future MEHP open enrollment periods will occur annually during November and December with an effective date of January 1, 20xx.

KTRS staff members continue to receive questions from MEHP participants about the need to enroll in Medicare Part D. In November 2005, all KTRS retirees and covered spouses received the "Notice of Creditable Coverage" (Notice) as a referenced item in the Medicare Eligible Health Plan Summary. Retirees who are covered by Medicare and Medicaid and retirees who meet the requirements of the new Medicare low-income drug subsidy, as outlined in the Notice, will need to consider enrolling in a Medicare Part D plan. The majority of KTRS retirees will choose to remain on the KTRS MEHP drug plan since it contains greater benefits than the standard Medicare Part D plan.

The KTRS Board of Trustees has set the 2006 monthly premium for the MEHP at \$315.00. The Board also announced that there will be no changes in the Plan design provided by Aetna and Medco during 2006 and deductibles will remain at the same levels as in 2005. KTRS will pay the full cost of the monthly premium for

retirees with 20 or more years of active service, unless the retiree was first employed in a covered position on July 1, 2002, or after. Retirees who have less than 20 years of active service will pay a monthly premium based on years of service credit. Retirees who elect to provide coverage for their spouse will pay \$315 per month for spousal coverage.

FYI Retirees Under Age 65

Open enrollment for retirees under age 65 had a successful ending in October. All KTRS retirees should expect to receive new insurance identification cards from Humana during the last two to three weeks of December.



2005 KTRS Centenarians

**KTRS is proud to recognize the following
retired members who are at least
100 years of age in 2005.**

Mabel Safreed	Mayme F. Gilbert
Theodore Meece	Geneva M. Powers
Maurine Susong	G. Thelma Dynes
Emma Jean Miller	Versia W. Alley
Minor Herndon Cash	Golda W. Osborne
Cleo S. Milwain	Mary Elizabeth Morris
Eleanor Henderson	Ione Smith Duke
Mary L. Hogue	Evelyn M. Henderson
Carrie Smith Harris	Mary Belle Yeiser
Gladys Cotton	Ruth Hope Lessley
Lucy C. Regan	Leah Heaton
Stella Cotton Grise	Ina L. Ratliff
Pauline McClarty	Mary A. Broaddus
Alpha B. Shipp	Maryland Jones Scott
Della L. Jones	Eloise G. Ledford
Mary Vance Day	Mable Cotton
Ila Hunt	Eliza W. Allen
Nell McNamara	Neppie Berry Baxter
Viola K. Moore	Mary T. Maupin
Elizabeth A. Simpson	Geneva H. Bell
Thelma Hammonds	Shelton H. Langley

Happy Birthday!!!

Notification of Your Change of Address

As an active or retired teacher or survivor of a member of KTRS, I request that my mailing address (and/or) name be changed as follows: **(A valid signature is required in order to process this change.)**

CHANGE NAME and/or ADDRESS FROM:

Name

Address

City/State/Zip

KTRS Member SS# _____

Please circle one: Active Retired Survivor

CHANGE NAME and/or ADDRESS TO:

Name

Address

City/State/Zip

Member/Survivor's Signature (REQUIRED)

Date _____, 20 _____

**Mail to: Kentucky Teachers' Retirement System
479 Versailles Road, Frankfort, Kentucky 40601**

**The Kentucky Teachers' Retirement
System will be closed in observance
of the upcoming holidays.**

Christmas

December 23 - 26, 2005

New Year's 2006

December 30, 2005 - January 2,
2006

Martin Luther King, Jr's Birthday

January 16, 2006

EFT Payment Dates Dates for 2006

January 27	July 28
February 24	August 29
March 29	September 28
April 27	October 27
May 26	November 28
June 28	December 28

These dates also reflect the automatic
insurance payment dates for 2006.

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U.S. POSTAGE
PAID
Frankfort KY
Permit No. 730

TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF KENTUCKY
479 Versailles Road
Frankfort, Kentucky 40601-3800
Fall 2005

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